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JAN 30 '80

THE BUDGET MESSAGE
And Budget Summary

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MISSOURI DEPOSITORY
JAN 30 1980

Submitted by

GOVERNOR JOSEPH P. TEASDALE
To the Second Session
80TH GENERAL ASSEMBLY OF MISSOURI

January, 1980

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EXECUTIVE OFFICE
STATE OF MISSOURI
JEFFERSON CITY

JOSEPH P. TEASDALE
GOVERNOR

January 14, 1980

To The People of Missouri:

The 1981 budget continues the conservative spending approach that Missourians expect from their government. It continues my efforts to eliminate government waste and target resources to real needs. It is carefully balanced to fund essential government and give tax relief to our inflation-plagued citizens.

Government will be more efficient because through zero-base budgeting, I have forced government to justify its spending in detail. I have made the tough decisions to cut bureaucracy.

Essential needs will be met with targeted spending where government must help:

-Educational quality will be improved with priority increases.

-The elderly will retain their independence or receive quality care in nursing homes.

-Mental health needs will be met through strengthened community services and improved programs in state facilities.

-Utility costs will be fought for the consumer by technical experts.

-Unsafe roads and bridges will be repaired with significant new resources.

-Jobs will be created through effective economic development.

-Crime control will be enhanced with added capability for state investigations.

These specific objectives can be accomplished by carefully focusing state resources.

The state cannot afford and should not attempt to do everything. It can afford to do these things that Missourians need and still provide meaningful tax relief.

Joseph P. Teasdale

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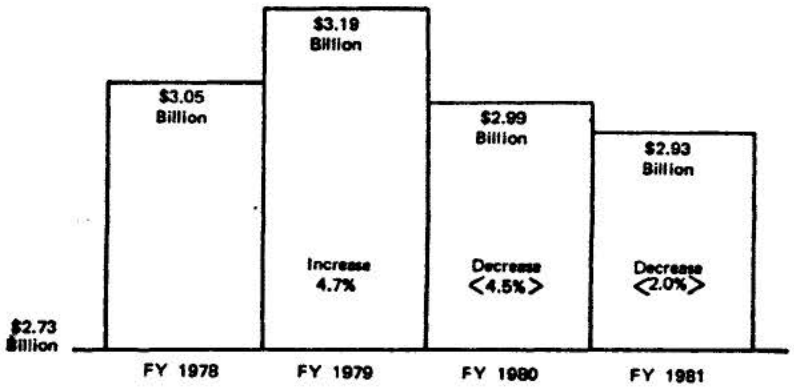
BUDGET OVERVIEW

I. INFLATION'S IMPACT ON THE BUDGET

The chart below shows the state budget adjusted for inflation. While the budget in current dollars has grown significantly, the purchasing power of those dollars has remained fairly stable and has even declined.

THE BUDGET AFTER INFLATION



II. PRIORITY BUDGET INCREASES

Needed programs and services are maintained in the Governor's budget recommendation; additional funds are included for the following vital areas:

Education - An increase in the public school foundation plan by $110 million, $24.4 million of the increase is recommended for the purpose of upgrading classroom teacher salaries.

Elderly - Additional staff to provide more accessibility to programs - services for the elderly and more funds for the purchase of services for the elderly such as homemaker services, transportation, and project centers for the elderly.

Energy Cost Relief - Continuation of the Utilicare Program at the maximum allowable level to help the elderly and the poor pay winter home heating bills.

Mental Health - Continued emphasis on shifting from institutional-based care to community care and an increase in funds to allow clients to receive treatment as close to their homes as possible. The budget also includes an increase for patient care in nursing-boarding homes, residential learning centers and group homes.

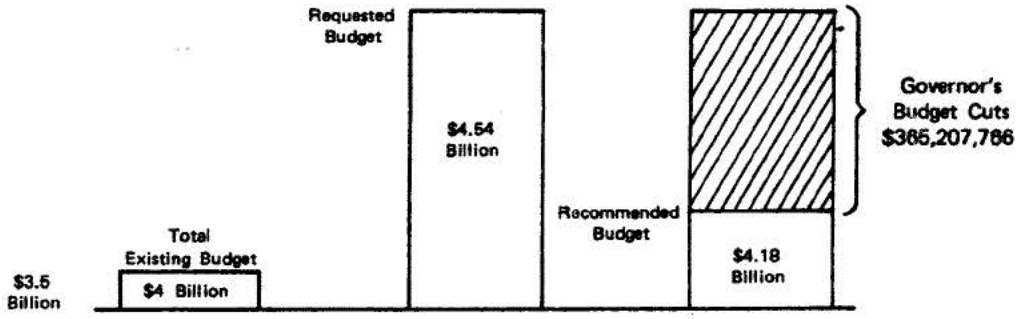
Rural Health - Creation of an Office of Rural Health to target and coordinate existing health care programs to meet the needs of rural Missourians.

III. TOTAL CUTS FROM BUDGETS -- $365,207,766 CUT

I have spent much time reviewing all budget requests for both present programs and new programs. I have carefully weighed each new and old program to determine budget priorities and then balanced those priorities against our available resources.

I have found that some increases are needed, however, there are areas that I do not feel justify the additional expenditure of state resources and these proposals were cut. I have cut a total of $365,207,766 from agency budget requests.

TOTAL BUDGET CUTS



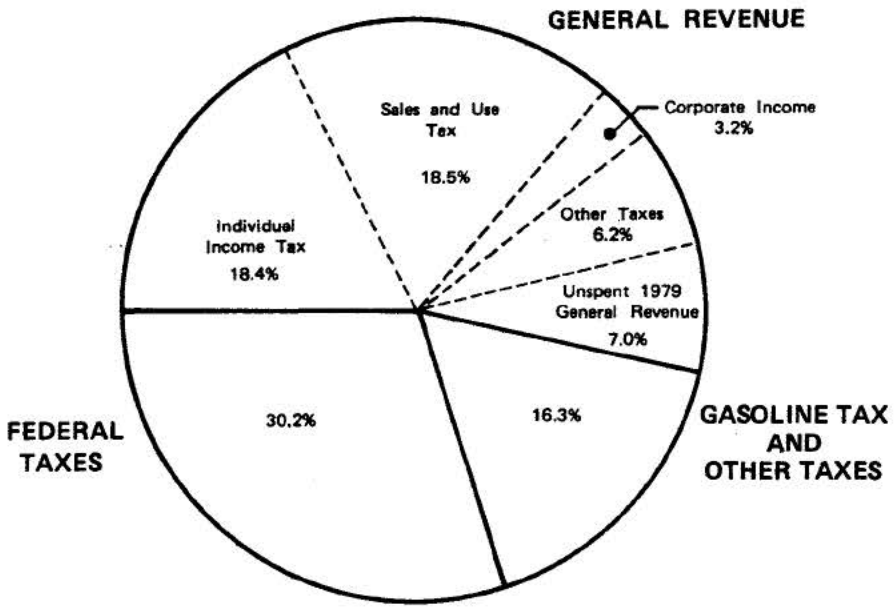
IV. TAXES TO PAY FOR THE BUDGET

The chart below shows where the revenues come from to pay for the budget in the 1981 year.

TAX REVENUES TO PAY FOR THE MISSOURI 1981 BUDGET

TOTAL $4,320,253,459

REVENUES BY SOURCE

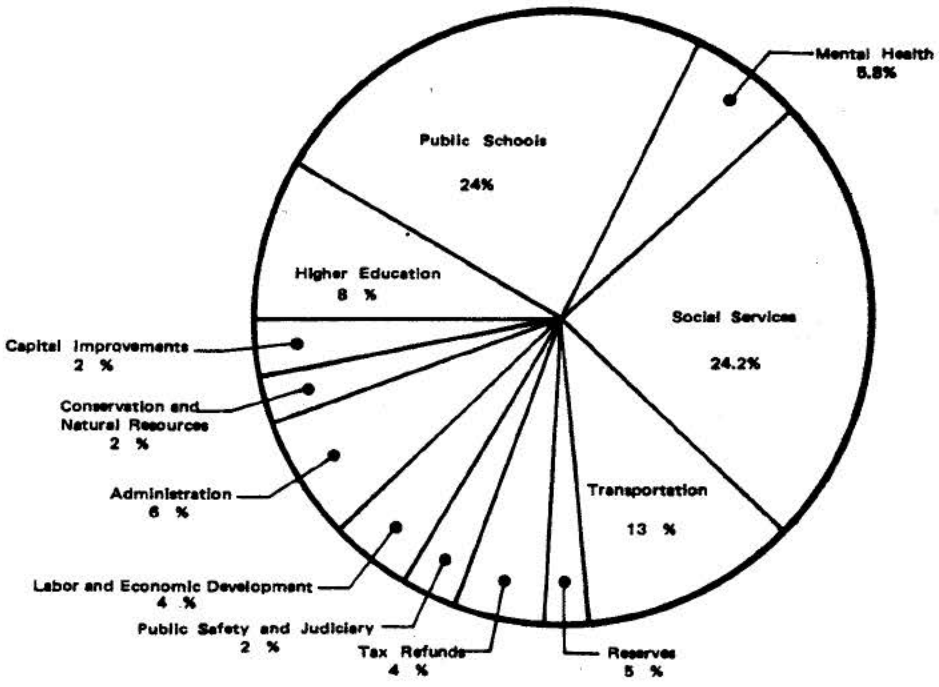


V. TOTAL PROPOSED BUDGET ALLOCATIONS

Essential programs and needed services will be maintained with the Governor's budget recommendations.

The chart below shows where tax dollars will be spent with these budget recommendations.

PROPOSED BUDGET EXPENDITURES TOTAL	$3,977,787,459
TAX REFUNDS TOTAL	$ 201,466,000
RESERVES TOTAL	$ 141,000,000



VI. PROPOSED TAX CUTS -- $200 MILLION

Through prudent budgeting, the state can afford both tax cuts and targeted budget increases. My proposals outlined below will provide the needed tax relief that our citizens deserve.

TAX REFORM
for the
EIGHTIES

I.	INCOME TAX REFORM ACT -Middle-Income Tax Cut -No Tax on Social Security -Double Relief for Senior Citizens -Fair-Share Corporate Tax	$89 MILLION
II.	SMALL SAVER TAX PROTECTION	$12 MILLION
III.	ENERGY CONSERVATION INCENTIVES	$12 MILLION
IV.	ABOLISH INHERITANCE TAX	$13½ MILLION
V.	STATE SURPLUS REFUND	$73½ MILLION
VI.	PERMANENT SPENDING LIMIT	
	TOTAL TAXPAYER SAVINGS	$200 MILLION

THE MISSOURI STATE BUDGET

AN ADDRESS BY
GOVERNOR JOSEPH P. TEASDALE
TO THE
SECOND SESSION
80TH GENERAL ASSEMBLY OF MISSOURI

CITY OF JEFFERSON

JANUARY 14TH, 1980

It seems in every annual budget speech, the Governor calls on the legislators and the people to "bite the bullet". This year is no different. I can find no alternative to the harsh reality that state government is as much a victim of inflation as every Missouri wage earner, homemaker, businessman, farmer and retiree.

Inflation drives up operating costs for state government. The costs of food and fuel we provide to people in our care are skyrocketing. Inflation also affects our ability to attract and retain competent personnel in state government. We have an obligation to help our employees fight inflation. It erodes their earning power--and retirement--just like it threatens our taxpayers.

Neither will we ever be able to improve the quality of education until we are prepared to meet the rising costs of heating schools, running busses and paying teachers a decent wage.

Inflation has another effect on state government. Because the state depends so heavily on individual income and sales taxes, inflation is the driving force behind increased state revenues. When the cost of a loaf of bread goes up, the sales tax on that loaf of bread goes up.

As a result, Missouri state government should have a treasury balance of almost 280 million dollars at the start of the fiscal year next July 1. Although the economy will not be as strong as in the last year, we should have continued revenue growth, primarily due to inflation. Because it is an election year, federal officials are desperately attempting to hold down inflation predictions. I must frankly tell you that my projections--based on the studies of my budget office and the experts they have consulted--indicate Missouri must be prepared to face a 1980 inflation rate in excess of 9 percent. That inflation will maintain its dual impact on government: higher operating costs and higher tax revenues.

The fundamental question facing my administration and this legislature is how to deal with those costs and surpluses. We have a choice: should we spend all our surplus on government operations or should we return it to the people--the people who paid it and who need it back to help them cope with the rising costs in their own lives? It is a difficult decision and the answer is even harder.

For the answer--if we are to do right--is to do some of each...to find the delicate balance between adequately funding essential programs and giving tax relief to the people. It is a delicate balance, but it is one I am convinced we can achieve. The state cannot afford and should not attempt to do everything. It can afford to do the things Missourians need and still provide meaningful tax relief.

The budget I am submitting today represents a determined effort to strike that balance. Last year at this time I announced the formation of a special state budget task force. They joined the budget office, my staff and me in an exhaustive and detailed study of just what is essential for government and for the taxpayers.

Through zero-based budgeting I have forced government to justify its spending in detail. I have continued making tough decisions to cut bureaucracy. I have fought to hold the line on the growth of government. I am proud of the victories I have won keeping the bureaucracy in check. To anyone who questions the growth of state government, I invite them to look at it in terms of absolute dollars, adjusted for inflation. If you take that hard look, you will discover I have held the growth of state government to less than 2 percent a year since 1977. I think that speaks well for my commitment to hold down state government growth. I am continuing that commitment this year.

To achieve the budget I am recommending today, I cut 365 million dollars from agency requests. I denied requests for 2,670 new jobs. I took a hard look and made hard decisions. But I also met essential needs. What are those essential needs?

Education is first. This government cannot ignore its obligation to provide sound education to the people of this state. That means meeting our obligations to pay teachers, operate programs, maintain buildings and provide adequate retirement benefits to cope with spiraling inflation.

It is not enough for us in state government to join in the chorus of complaints about unfair assessment or the burden of the property tax. We must do something about it...and do it now. From our large urban centers to our remote rural areas, Missouri schools are at the end of their ropes.

I have conducted a special review of the foundation formula we use to distribute money to the public schools. The state Board of Education has requested an increase of 86 million dollars

for the foundation plan. I wholeheartedly support that increase. But I am convinced we must do more than that. Missouri's classroom teachers need more help than that will provide. I am therefore, recommending an additional 24 million dollars, which I hope local districts will use exclusively for salaries. This total of 110 million dollars will allow districts to meet their increased operating costs and provide an average salary increase of at least 12 percent for Missouri teachers.

In higher education, it is equally essential that Missouri colleges and universities be able to recruit and retain superior faculty members. I am recommending the necessary salary increases to enable them to do that, including a special fund equal to 1½ percent of state college payrolls to be used to upgrade selected salaries. I am also recommending we cut the costs of our university and college bureaucracy by switching more than 1 million dollars from administration to classroom instruction.

As you well know, I have been conservative--I prefer to call it prudent--in my policy toward new state buildings. However, in higher education there are some priorities that must be addressed. I am recommending new buildings at Northwest Missouri State to replace losses in last summer's fire. I am also supporting a new agriculture engineering building and an animal science building for the University of Missouri in Columbia. These facilities will meet a demonstrated need. They will support education and promote agriculture and food production.

Since my first day in office, my administration has been committed to providing better service to those most in need of government...particularly the aged, who have worked all their lives, paid taxes, raised families and been part of building our state.

In April of 1978 we began a process of discovery regarding the problem and needs of elderly Missourians. At that time, I sponsored a Governor's Assembly to examine the problems in Missouri's nursing homes. This past September, as a result of a law you enacted, the opportunity to make nursing home reform a reality was given to my administration. As I have said many times, that landmark bill will only be as good as our vigilant enforcement allows it to be.

Last year in my budget speech I announced creation of a new Division of Aging to centralize, improve and streamline state services for the elderly. The vehicle is now in place to enable us to do what we ought to do. So I am now recommending an increase of 8.5 million dollars in funds for the Division of Aging. First, I am recommending nearly a 50 percent increase in staff to improve our monitoring of institutions which care for the elderly. Specially trained teams will be developed to handle crisis situations in nursing home care. They will be specially equipped to deal with life threatening situations. The additional staff will allow the state to assist nursing home and boarding home operators to improve their services. We can help them to train staff and to manage their resources better. The staffing increase will also allow us to expand the inspection of the growing number of boarding homes in our state.

In addition to staffing increases, my budget includes a special appropriation of 1 million dollars to allow the state to operate institutions which it takes into receivership. Once again, I intend to use the authority granted me under the new law we all worked so hard to enact.

As important as improving institutional care--and in many ways more important--are the new programs I am recommending to assist the elderly. My budget includes more than 2 million dollars in new funds for alternate care staff. This is a new venture for state government, but it is meeting a need which has existed in Missouri for many years. I am asking you to authorize a new type of state worker to deal with the problems of the elderly. The aging specialists we want to put in place will be trained professionals who understand the needs and problems of thousands of elderly Missourians--those who would be able to remain in their communities for longer periods of time with just a little assistance. I am recommending 104 additional staff to assist with alternate care development.

Another top priority of my budget for elderly Missourians is an increase in transportation services. These funds will help the elderly to accomplish basic needs of daily living.

I am also recommending 370,000 dollars for pilot programs to stimulate development of adult day care services. We hope to create new facilities to serve the elderly during the day while their family members are at work. I am optimistic such day care services will provide an important alternative for those who would otherwise be placed in nursing homes.

In talking about the aged, I mentioned utility assistance. This state government faces an urgent obligation to assist all our people in coping with rising energy costs. I am determined to continue to hold the line on utility rate increases. I have added 1 million dollars to this budget to better equip us for this fight.

To enable the Public Service Commission to better cope with the rate increases facing them, I am recommending additional staff for the Commission and the Public Counsel.

Wholesale rate increases allowed by the federal government to various Missouri energy suppliers have greatly increased energy costs for Missourians. State participation in these cases has been limited, yet 80 percent of the rate increases are federally controlled. I am recommending extra staff for increased protection for our people in federal utility cases.

You are each aware of my personal commitment to developing strong energy initiatives during the last 3 years. You have repeatedly supported my recommendations for expanding the energy program with the Department of Natural Resources. Today we have a strong energy division staffed by professionals helping us to deal realistically with our state's energy problems.

We now have a statewide energy emergency plan. We now have the ability to forecast our state's energy needs and potential shortages. And, we are now providing help to our state's citizens to deal with rising energy costs. We have already weatherized 15,000 homes for our elderly and those on fixed incomes. And, I am recommending 6.3 million dollars to permit us to weatherize an additional 10,000 homes.

I am convinced that energy conservation is essential for all sectors of our state. Therefore, I am asking that you provide 7.2 million dollars to provide money for schools, hospitals and local governments to purchase energy conservation equipment and capital improvements. This program will produce 40 million dollars in energy savings in 1980 alone.

Other energy programs include research of Missouri's energy resources and the establishment of a St. Louis and Kansas City Energy Office to provide help to more Missouri citizens.

Another fundamental purpose of state government is protecting public safety. I am recommending a budget responsive to growing apprehension and fear among our people. It includes new initiatives of 3.7 million dollars for increases in arson investigators, highway patrolmen, correction officers, probation and parole operations, youth services and crime labs. One big cost--2.7 million dollars--will staff the new Missouri Eastern Correctional Center due to open in March, 1981.

Early in my administration we began the process of modernizing our mental health services. That effort required new policies and new personnel, new approaches and new programs. I am proud of the achievements we have made and are making. But it also requires new dollars.

I am once again recommending a major increase for the Department of Mental Health. This year I am proposing a total increase in the mental health budget of more than 37 million dollars. This budget is based upon my own review of statewide programs. It allows the department to plan and manage the resources we allocate to it. It provides further impetus in shifting the emphasis from institutional to community care and insures quality service for those requiring intensive treatment. This money is essential if we are going to meet the goal I set for a mental health program which is--comprehensive in scope, consistent in delivery, and commensurate with need.

My first recommendation is for 11.8 million dollars for expanding community programs--first line services for those who otherwise would require costly, inappropriate and impersonal institutional care. This includes 1.4 million dollars for community mental health centers making a twelve-fold increase for these programs in 4 years. It includes 3.1 million dollars for specialized private services, 7.3 million dollars for improved residential care and 1.1 million dollars for a new community residential program for the mentally retarded. I am committed to making sure that Missouri does not move people from the back wards of hospitals to the back streets of cities--just to save money.

I am recommending 20.4 million dollars for improving staffing, facilities and care at the 8 state institutions for the mentally ill and the 16 state schools and regional centers for the mentally retarded. I am committing 1.5 million dollars to ensure accountability for treatment. In addition, I am recommending 4.3 million dollars for a new 80-bed facility in St. Louis for the mentally retarded.

Better funding for education, care for the elderly, help with energy costs, improved public safety and upgrading mental health are all part of an entire program designed to improve the quality of life in Missouri. I am fighting to make things better in Missouri. And, these are my priorities. My complete budget is being delivered to you today.

It includes my detailed recommendations on the full range of government services, including other special initiatives to truly improve that quality of life--rural health and rural assistance,

certificate of need implementation, aid to families with dependent children--help for those most vulnerable and most in need. The budget also reflects some harsh realities which are, in part, beyond our control.

First, we have made contingent provisions for the possible termination of state revenue sharing money from the federal government. During the next fiscal year we are expected to receive 41 million dollars. However, there is some concern that Congress may not provide this money. I hope you will support my efforts to persuade Congress to continue state revenue sharing at current levels.

Second, this budget provides 57 million dollars for additional funding which the legislature and the voters have mandated for road construction and maintenance. It meets an urgent need, but reduces available general revenue dollars.

This budget also provides 20 million dollars for court-ordered reassessment. This relieves the burden on local governments, but again cuts into our available funds. Nevertheless, I am convinced mine is a sensible, balanced budget--one which meets the needs of government service and provides needed tax relief to Missouri citizens. Providing tax relief and tax equity is the greatest task which remains unfinished...on my agenda and on yours. I have proposed a comprehensive 200 million dollar tax reform package which will help working Missourians cope with inflation and bring equity to our tax structure. While this package is largely legislative, it certainly bears on this budget.

In my budget, I have carefully and prudently provided for this tax relief...including a one-time refund of 73½ million dollars and cuts in inheritance and personal income taxes which will total 126.5 million dollars each year. It is time to stop penalizing Missourians with taxes on social security contributions, the first 200 dollars earned from savings accounts, and on inheritances.

We need to provide tax relif to the elderly, who have seen retirement earnings from a life-time's work eroded by inflation. I am proposing we permit a double personal exemption for tax-payers over 65. I am also recommending a two-year income tax credit on energy-saving home improvements.

Once again, I am asking you to make 2 needed changes in corporate income taxes: eliminate the federal income tax deduction and change the formula for figuring corporate taxes. I do not believe the arguments that Missouri must remain near the bottom in what it asks businesses to pay in order to keep those firms from leaving Missouri. Even with these changes in our corporate tax burden will appeal to industry and business.

Today, you will have in your hands the complete 1981 budget. It continues my efforts to eliminate government waste and target resources to real needs. It is carefully balanced to fund essential government services and give tax relief to our inflation-plagued citizens. This is the kind of budget Missourians want and need. Working together we can achieve it.

BUDGET RECOMMENDATIONS FOR MAJOR STATE DEPARTMENTS

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
General Administration	$572,851,674	$652,045,071	$749,934,037	$774,234,733
Instruction	44,621,806	59,626,057	64,725,425	64,583,284
Urban and Teacher Education	358,009	402,431	420,175	422,033
Vocational Rehabilitation	23,899,172	37,229,655	38,525,877	38,598,937
Career and Adult Education	24,675,027	60,477,724	63,656,427	61,248,995
Special Education	16,412,969	29,672,340	39,396,590	39,398,844
School for the Deaf	2,197,877	2,690,659	2,917,081	2,924,026
School for the Blind	1,886,830	2,727,820	3,271,002	3,277,014
Schools for the Severely Handicapped	10,744,576	12,791,612	14,605,327	14,589,548
Advisory Council on Vocational Education	114,651	177,010	174,402	174,583
State Occupational Information Commission	28,091	132,947	437,542	122,842
State Public School Fund	1,790,273	1,000,000	1,000,000	1,000,000
DEPARTMENTAL TOTAL	$699,580,955	$858,973,326	$979,063,885	$1,000,574,839
General Revenue Fund	19,908,550	32,120,446	31,717,430	30,633,635
Federal Funds	136,411,231	206,786,547	238,585,723	238,995,055
State School Moneys Fund *	541,377,886	618,299,333	706,993,732	729,179,149
Trust Funds	93,015	767,000	767,000	767,000
State Public School Fund	1,790,273	1,000,000	1,000,000	1,000,000

* State School Moneys Fund amounts include the following transfers from general revenue: $481,377,886 in Fiscal Year 1979; $588,299,333 in Fiscal Year 1980; and $668,179,149 in Governor Recommends Fiscal Year 1981.

Full-time equivalent employees	1,882	1,882	1,908	1,902

POLICY SUMMARY

I. ZERO-BASE RECOMMENDATIONS

GENERAL ADMINISTRATION

The Governor conducted a special review of the foundation plan distribution to public schools. The State Board of Education had recommended an increase of $85.6 million for the plan. The Governor supported the Board's recommendation but remained concerned that classroom teacher salaries needed additional adjustments. After discussion with members of the Board, the Governor recommends increasing the foundation plan by $110 million, $24.4 above the Board's original request. The increase should provide a statewide average salary increase of 12 percent for Missouri teachers.

CAREER AND ADULT EDUCATION

Following zero-base review of vocational education distribution to local schools, the Governor recommends increasing the appropriation by $5,865,750 over the Fiscal Year 1980 appropriation. The increase in federal funds will allow the Department to fund additional programs in comprehensive and area high schools and in junior colleges. The recommendation will also enable the Department to participate in the Career Education Incentive Act program by initiating career education programs in Missouri.

II. OTHER MAJOR RECOMMENDATIONS

SPECIAL EDUCATION DIVISION

The Governor recommends seven additional positions for the Division of Special Education. The number of school districts operating special education programs has more than doubled since 1976. The Division of Special Education is responsible for program monitoring and evaluation. Additional personnel is needed to adequately monitor the special education classes.

SCHOOL FOR THE BLIND

The Governor recommends increasing the budget for the School for the Blind by $549,194. The increase will enable the School to operate a new program for multi-handicapped children. Included in the increase are funds for nineteen additional personnel.

STATE SCHOOLS FOR SEVERELY HANDICAPPED

The Governor's recommendation for the State Schools for Severely Handicapped is $1,797,936 more than the Fiscal Year 1980 appropriation. The Governor recommends increasing the reimbursement to private contractors for educating severely handicapped children. Funds are also included in the recommendation to provide improved rental facilities for the state schools for severely handicapped.

TEACHERS IN STATE OPERATED SCHOOLS

The Governor recommends salary adjustments above the 6 percent cost-of-living and 2 percent merit increases for teachers in the state schools for severely handicapped, School for Blind, and School for Deaf. The additional increases should better enable the schools to compete with local public schools in recruiting and retaining teachers. Position salary adjustments for teachers total $329,072.

SCHOOL FOR THE DEAF

Following a special review of staffing needs at the Schools for the Deaf and the Blind, the Department requested six positions be transferred from the School for Deaf to the School for the Blind. The Governor recommends that three teaching and three teaching aide positions be eliminated from School for the Deaf. The positions are recommended at the School for the Blind to help staff the new program for multihandicapped children.

ADMINISTRATIVE PERSONNEL

The Governor recommends a core cut of five positions from the Department's administration. At the request of the Governor's budget staff, the Department reviewed existing positions in the Divisions of Administration, Instruction, and Career and Adult. The Department requested a reduction of five positions from the three divisions and a transfer of the positions to the Division of Vocational Rehabilitation where the workload is expected to increase. Federal regulations governing disability determinations will require additional counseling and reviewing time from the Division of Vocational Rehabilitation.

DEPARTMENT OF HIGHER EDUCATION

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Higher Education Coordination	$ 529,200	$ 627,938	$ 785,069	$ 699,542
Student Financial Aids	10,395,578	9,754,878	15,306,108	15,284,088
State Aid to Junior Colleges	26,051,876	30,232,144*	33,264,505	33,264,505
State Anatomical Board	2,413	2,500	2,500	2,500
Missouri State Library	3,561,107	4,222,718	5,140,550	4,413,916
Institutions of Higher Education				
Central Mo. State University	16,260,600	18,247,376	20,211,855	19,894,131
Southeast Mo. State University	14,064,370	15,789,759	17,641,328	17,128,174
Southwest Mo. State University	18,552,712	20,566,733	24,231,288	23,695,402
Lincoln University	5,611,743	5,958,868	6,428,469	6,364,608
Northeast Mo. State University	10,882,812	11,825,474	13,899,958	13,685,547
Northwest Mo. State University	8,584,090	9,274,087	9,976,329	9,756,413
Missouri Southern State College	5,963,207	6,262,750	6,615,601	6,513,260
Missouri Western State College	5,818,507	6,173,979	6,984,183	6,757,291
Harris-Stowe State College	1,450,000	2,448,462	2,975,342	2,903,357
University of Missouri				
Education and General	137,204,569	150,659,498	171,369,544	169,363,147
Hospital	11,690,515	12,299,318	13,454,120	13,256,262
Missouri Institute of Psychiatry	1,768,200	1,989,964	2,173,465	2,073,067
Missouri Kidney Program	2,157,577	2,277,559	2,388,941	2,388,432
State Historical Society	351,191	387,197	457,699	448,887
DEPARTMENTAL TOTAL	$280,900,267	$309,001,202	$353,306,854	$347,892,529
General Revenue Fund	276,133,321	303,314,878	345,259,580	340,209,631
Federal Funds	2,639,150	3,471,883	4,042,273	3,697,396
Other Funds	2,127,796	2,214,441	4,005,001	3,985,502

* Includes recommended supplemental appropriation of $1,865,766.

POLICY SUMMARY

I. ZERO-BASE RECOMMENDATION

Reduction of Administrative Expenses at State Colleges and Universities

The Governor recommends the higher education institutions devote more attention to instruction and less to administration. To that end, he proposes a reduction of $1,145,892 in the Fiscal Year 1980 administrative core budget of several institutions and a shift of those funds to instructional purposes in Fiscal Year 1981.

Reallocations

In each of the preceding fiscal years the Governor endorsed the effort of the University of Missouri to fund major portions of its budget through internal reallocations. In Fiscal Year 1981 the University of Missouri is proposing to reallocate $4,378,838. Several of the nine institutions in this section have also reallocated funds in Fiscal Year 1981. As a result, they have saved $434,149 to be used for operations and new programs. The Governor applauds this procedure and encourages even greater efforts in the future to guarantee the most efficient use of state money.

State Aid to Junior Colleges

Following a zero-base review, the Governor recommended a 10 percent increase in state aid to junior colleges.

II. OTHER MAJOR RECOMMENDATIONS

Higher Education Coordination

The Governor recommended $40,000 for an additional staff member to coordinate higher education computer planning in Missouri. This new staff member will provide staff assistance to the computer facilitating committee, to be established by the Coordinating Board for Higher Education. Through coordinated higher education computer planning, the Governor believes the state should realize substantial savings in higher education computing costs.

Student Financial Aids

The Governor recommends 2 new positions and an increase of $3,734,697 in the Missouri Student Grant Program and 5 new positions in the Guaranteed Student Loan Program. These increases will enable Missouri students to receive more efficient administrative services from program administrations. The increases will also provide more aid for needy students by fully funding the increased grant support levels mandated through the revised provisions of RSMo Chapter 173 (passage of HB 544) and by encouraging more lending institutions to participate in the Guaranteed Student Loan Program.

Missouri State Library

The Governor recommends $78,383 for implementation of a statewide bibliographic data base. Local libraries will need to purchase fewer low use, high cost items once the data base is implemented because information on these items' locations will be readily available through the data base. The Governor also recommends $23,632 for 2 new positions at Wolfner Library. The 2 new employees will survey other organizations to determine other locations of taped materials useful to blind and physically handicapped individuals in Missouri.

Colleges and Universities

The Governor's recommendations for the two-year and four-year state colleges and universities and for the University of Missouri include a 9.5% inflation factor for personal service and a 6.8% inflation factor for expense and equipment. The personal service factor reflects a 6% inflation factor for cost-of-living increases, a 2% inflation factor for merit increases and a 1.5% inflation factor for other increases, particularly repositioning costs and minimum wage adjustments.

The Governor has also recommended a number of important new programs. An improvement of instruction program at Northeast will lower student-facility ratios and improve counseling and placement services. At Southwest a cooperative education program will develop ties between students needing part-time jobs and employers who can provide intern-like experiences. The student development program at Southeast will increase minority counseling, career development services, and personal student counseling. Among the new programs the Governor is recommending to the University of Missouri are an aging studies project to do research, training, and demonstration programs related to the elderly; a program of library improvement to increase acquisitions; and research programs related to energy and agriculture.

DEPARTMENT OF REVENUE

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Division of Administration	$ 3,870,789	$ 3,703,164	$ 3,857,188	$ 3,833,933
Division of Information Systems	3,045,387	3,616,456	5,240,340	4,535,277
Division of Motor Vehicles & Drivers License	8,166,243	6,929,463	6,818,152	6,654,814
Branch Offices	2,492,397	2,559,593	2,862,826	2,811,251
Division of Taxation	6,928,895	7,384,713	8,082,208	7,637,757
State Tax Commission	1,087,977	2,422,332	7,491,583	6,997,160
Highway Reciprocity Commission	284,677	386,929	459,885	435,237
Refunds	149,622,759	163,966,000	201,466,000	201,466,000
TOTAL	$175,499,074	$190,968,650	$236,278,182	$234,371,429
General Revenue Fund	115,414,943	113,360,908	144,373,459	142,995,688
Federal Funds	69,366	-0-	-0-	-0-
Highway Department Fund	24,380,546	25,607,742	26,904,723	26,375,741
Motor Fuel Tax Fund	26,725,673	39,000,000	39,000,000	39,000,000
County Aid Road Trust Fund	8,908,546	13,000,000	26,000,000	26,000,000
Full-time equivalent employees	1,611.00	1,593.75	1,696.75	1,648

POLICY SUMMARY

I. ZERO-BASE RECOMMENDATIONS

Administration

Following a zero-base review, the Governor recommends funding the General Services Section at its FY 1980 level plus salary increases. This will enable the Department to process mail, print motor vehicle and tax forms, and maintain its vehicles and office space.

Taxation

The Governor recommends funding the Tax Compliance Bureau at the FY 1980 level plus salary increases. This will ensure proper compliance auditing of corporate, sales/use, and withholding tax accounts. The Governor also recommends a reduction of 20 clerical positions in the Division of Taxation as a result of greater management efficiency gained through the implementation of the Missouri Integrated Tax System and a reduction of 2 cigarette tax auditors as a result of cost-benefit analysis in the Cigarette Tax Unit.

Highway Reciprocity

The Governor recommends funding the Highway Reciprocity Commission at the FY 1980 level plus salary increases. A zero-base review resulted in a recommendation for continued funding of the Highway Reciprocity Commission to provide services to Missouri citizens.

II. OTHER MAJOR RECOMMENDATIONS

Information Systems Divisions

The Governor recommends $505,000 for data processing expenses in the State Data Center. This will enable the Department to process and store tax and motor vehicle records at projected 1981 levels. The Governor also recommends $449,487 to continue the implementation of the Missouri Integrated Tax System and General Registration System. Included in this recommendation are funds to develop a model branch office and branch-agent office accounting system. The model branch office is a pilot project to test an automated system which would enable the Department to process a major portion of the motor vehicle transactions in the branch office rather than in the central office, thus providing citizens with better service. The branch-agent office accounting system will enable the Department to process and store branch-agent office financial information in the State Data Center Computer rather than on the business computer where it is currently being stored. This new accounting system will provide the Department with better accountability of citizens' payments for motor vehicle and drivers license transactions.

OFFICE OF ADMINISTRATION

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Commissioner & Central Staff	$ 352,022	$ 394,097	$ 430,465	$ 432,371
Division of Flight Operations	289,472	596,284	510,888	512,678
Division of Accounting	4,932,163	3,943,714	2,913,173	2,922,747
Division of Budget and Planning	2,019,221	2,317,088	2,372,477	2,381,101
Division of EDP Coordination	2,884,893	4,281,351	4,852,289	4,866,023
Division of Design & Construction	5,948,733	7,498,636	12,742,303	11,956,723
Division of Personnel	1,232,934	1,487,943	1,805,127	1,816,044
Division of Purchasing	1,917,103	3,582,080	3,932,666	3,938,945
Personnel Advisory Board	28,226	25,440	76,399	76,399
Employee Benefit Disbursements	76,197,176	90,018,072	109,307,816	109,307,816
Administrative Disbursements	30,927,444	38,099,169	42,927,928	42,921,928
Other Disbursements	318,313	375,000	18,510,000	18,510,000
TOTAL	$127,047,700	$152,618,874	$200,381,531	$199,642,775
General Revenue Fund	96,274,621	115,618,682	156,718,722	155,977,047
Federal Funds	5,491,347	6,956,829	7,459,856	7,463,312
Highway Department Fund	1,137,990	1,689,079	1,782,693	1,785,599
Revolving Administrative Trust Fund	704,478	1,499,302	2,144,128	2,146,685
Conservation Commission Fund	104,487	237,649	254,939	254,939
Surplus Properties Fund	292,455	650,000	650,000	650,000
Revenue Sharing Fund	319,677	-0-	-0-	-0-
Other Sources	22,722,645	25,967,333	31,371,193	31,365,193
Full-time equivalent employees	519.52	567.40	584.75	584.75

POLICY SUMMARY

I. ZERO-BASE RECOMMENDATIONS

Division of Electronic Data Processing Co-ordination

The Governor recommends full funding of the State Data Center at the FY 1980 level plus salary increases. This will enable the Center to handle departments' data processing needs in an accurate and timely manner.

II. OTHER MAJOR RECOMMENDATIONS

Division of Accounting

The Governor recommends a reduction of 44.75 positions ($755,000) and $1,803,249 in expense and equipment as a result of the completion of the Financial Management and Control System and the Personnel Accounting and Payroll System.

The Governor also recommends 36 additional accounting/systems analysts ($678,632) and $729,883 in expense and equipment to provide proper technical maintenance for the developed Financial Management and Control System and the Personnel Accounting and Reporting System and to enable the Office of Administration to meet systems development needs without depending on outside contracts.

Division of Design and Construction

The Governor recommends 12 additional technical positions ($215,606) and $81,149 in expense and equipment to monitor the progress of the state's capital improvement projects to ensure the provisions of the contract are fulfilled.

JUDICIARY

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Supreme Court	$ 2,773,002	$ 4,174,641	$ 4,907,222	$ 4,773,828
Courts of Appeals	2,832,839	3,277,847	4,369,668	4,233,243
Circuit Courts	13,694,913	17,287,207	20,230,876	20,234,704
Commission on Retirement, Removal and Discipline of Judges	36,569	62,533	81,650	81,885
Appellate Judicial Commission	2,443	5,000	5,000	5,000
Public Defender Commission	2,694,955	3,231,604	3,429,840	3,429,840
TOTAL	$ 22,034,721	$ 28,038,832	$ 33,024,256	$ 32,758,500
General Revenue Fund	21,154,019	26,707,957	31,690,447	31,424,271
Federal Funds	880,702	1,330,875	1,333,809	1,334,229
Full-time equivalent employees	1,036.15	1,117.90	1,253.70	1,253.70

POLICY SUMMARY

MAJOR RECOMMENDATIONS

I. The Governor's recommendation provides the Supreme Court with funds necessary for the third year of implementation of House Bill 1634, passed in the 2nd Regular Session of the 79th General Assembly which repealed some 1,200 sections of statutes and enacted or re-enacted 804 sections. This legislation, the result of the adoption of a 1976 constitutional amendment, Senate Joint Resolution 24, significantly reorganizes all trial courts in Missouri into one court - The Circuit Court. Provisions are made for three categories of judges - circuit judges, associate circuit judges and municipal judges.

House Bill 1634 has a substantial impact on the state budget, as it will provide for a large number of previously county funded positions to be funded by the state. This increase in state funding began in FY 1979 and will continue through FY 1982. The major cost recommended by the Governor in FY 1981 is $1,790,800 for transfer of 116 circuit clerks from county to state funding.

In addition, the Governor recommends the Supreme Court, required to submit a single budget for the Judicial Department by Section 476.265, be funded for other reforms in the Judicial Article. These include: $55,000 for expansion of a continuing education program for judges; $67,532 to fund three personnel to design and install a local court financial accounting system; $93,276 for a personnel classification study, other administrative studies and rental of quarters for expanding staff; and $200,000 to provide court reporters fees for transcripts previously funded by the counties.

II. Other statutes have increased the funding of the judiciary. Section 478.018, enacted by the General Assembly in the Spring of 1979 provides for an increase in salaries of associate circuit judges. The Governor recommends $839,700 for these increases. The Governor also recommends $78,563 to fund a thirteenth judgeship established on the Court of Appeals, Eastern District, as a result of provisions in Section 477.152 RSMo, 1978.

DEPARTMENT OF AGRICULTURE

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Office of the Director	$ 215,425	$ 234,875	$ 242,773	$ 243,388
Division of Administration	730,189	1,214,689	1,801,508	1,787,017
Division of Agricultural Development	537,523	552,955	918,198	754,580
Division of International Marketing	181,941	319,952	443,138	425,069
Division of Animal Health	1,873,322	2,130,458	2,516,371	2,439,965
Division of Grain Inspection & Weighing	2,331,472	2,276,075	2,542,891	2,240,163
Division of Plant Industries	980,993	1,361,713	1,188,135	1,187,294
Division of Weights and Measures	918,676	1,195,525	1,369,610	1,341,311
State Milk Board	1,036,179	1,198,342	1,200,597	1,200,919
State Fair	1,783,218	1,943,118	2,292,391	2,096,860
Agricultural Emergency Fund	108,615	131,129	143,087	144,084
TOTAL	$ 10,697,553	$ 12,558,831	$ 14,658,699	$ 13,860,650
General Revenue Fund	7,859,819	6,614,880	8,109,452	7,614,956
Federal Funds	165,799	507,430	348,973	351,272
Commodity Merchandising Fund	316,656	797,840	1,300,299	1,300,651
Apple Merchandising Fund	9,136	16,020	16,020	16,020
Grain Inspection Fee Fund	-0-	1,785,162	1,954,279	1,731,071
Highway Fund	94,375	260,356	250,278	251,681
Milk Inspection Fee Fund	1,036,179	1,198,342	1,200,597	1,200,919
State Fair Fees Fund	1,106,974	1,247,672	1,330,714	1,244,996
State Fair Trust Fund	-0-	-0-	5,000	5,000
Agricultural Emergency Fund	108,615	131,129	143,087	144,084
Full-time equivalent employees	461.75	461.75	488.75	464.25

POLICY SUMMARY

I. Zero-Based Recommendations

The Governor, following a zero-base review, recommends a reduction of $74,103 in the Division of Grain Inspection and Weighing inspection program. This amount reflects a reduction of 16 positions in the inspection staff made possible by reducing the size of the staff to reflect fluctuations in demand due to the seasonal nature of the program.

II. Other Major Recommendations

The Governor recommends a major expansion in the Division of Animal Health disease control program. The Brucellosis infection incidence in Missouri cattle herds has become a major problem. A $210,408 increase will provide for five additional staff along with $60,000 to pay for assistance from local veterinarians to help deal with this problem.

The Governor recommends $51,815 to provide for a full year's operating costs for the new air export facility at Kansas City International Airport. This will make Missouri a center for overseas shipment of livestock.

In addition, the Governor's budget includes a $500,000 increase in the level of Commodity Merchandising Fees to be collected, based upon anticipated increases in soy bean yields for FY 1981. These funds are utilized in the promotion of Missouri agricultural products.

DEPARTMENT OF CONSERVATION

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Administration and Support Services	$ 9,264,820	$ 11,165,959	$ 11,591,306	$ 11,648,498
Protection	3,429,296	4,400,579	4,618,529	4,649,587
Wildlife	3,556,730	4,290,280	4,493,257	4,519,835
Fisheries	4,020,566	4,875,402	5,106,712	5,137,144
Forestry	5,272,867	6,258,596	6,576,507	6,618,590
Personal Service				
Conservation Commission Fund	16,797,769	18,735,747	20,047,260	20,234,603
Expense and Equipment				
Conservation Commission Fund	8,525,109	12,010,066	12,094,048	12,094,048
Grants or Refunds				
General Revenue Fund	221,401	245,003	245,003	245,003
DEPARTMENTAL TOTAL	$ 25,544,279	$ 30,990,816	$ 32,386,311	$ 32,573,654
Conservation Commission Fund	25,322,878	30,745,813	32,141,308	32,328,651
General Revenue Fund	221,401	245,003	245,003	245,003
Full-time equivalent employees	1399.10	1399.10	1399.10	1399.10

POLICY SUMMARY

The Governor's recommendation for the Department of Conservation provides funding at the FY 1980 level with adjustments for cost-of-living, merit and inflationary increases. The Governor's FY 1980 recommendation represents the fourth stage in the implementation of the Design for Conservation. This program directs the Department's efforts to purchase, develop and maintain lake sites, wetlands, springs, upland game habitat and forest land throughout Missouri.

DEPARTMENT OF NATURAL RESOURCES

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Office of the Director	$ 300,735	$ 552,111	$ 827,639	$ 815,042
Division of Management Services	632,175	874,371	976,223	968,989
Division of Environmental Quality	18,601,905	41,074,481*	38,349,756	33,536,161
Division of Geology and Land Survey	1,691,311	2,263,606	2,870,096	2,810,030
Division of Parks and Historic Preservation	13,631,633	19,188,488	18,751,386	16,864,187
Division of Energy	3,309,637	16,315,674	17,028,936	16,928,189
DEPARTMENTAL TOTAL	$ 38,167,396	$ 80,268,731	$ 78,804,036	$ 71,922,598
General Revenue Fund	11,369,871	17,376,388*	20,788,291	18,869,139
Federal Funds	15,442,908	41,858,061	42,929,835	38,012,144
Other Funds	11,354,617	21,034,282	15,085,910	15,041,315
Full-time equivalent employees	846.91	1010.96	1124.63	1099.63

*Includes $1,300,000 recommended in a supplemental appropriation.

POLICY SUMMARY

I. Zero-Base Recommendations

Reductions in Federal Authorization

The Governor recommends a reduction of $3,979,168 in federal grants for air pollution control, solid waste management, historic preservation and economic development studies relating to recreation projects. These reductions are based on anticipated funding available in FY 1981 and reflect the level of expenditures needed to implement departmental responsibilities.

Watershed Planning

The Governor also recommends a reduction of $200,000 in general revenue for watershed planning. This recommendation reflects the need to restrict state assistance to just those projects that address statewide priorities for soil and water conservation. Primary responsibility for watershed planning will continue under the U.S. Department of Agriculture, supplemented by a level of state funding that remains higher than other midwestern states.

II. Other Recommendations

Division of Energy

The Governor recommends $399,101 and seven positions to administer the Title III energy conservation grants program for nonprofit schools, hospitals, local government buildings and public care facilities. Missouri is entitled, over a three-year period, to approximately $20,000,000 in federal matching grants of which $7,000,000 is anticipated for use in FY 1981. The Division of Energy estimates that selected institutions can reduce energy consumption by 20 to 50 percent through participation in energy audits, technical assistance and grants for energy conservation measures.

The Governor's recommendation provides an additional $142,786 and eight positions to conduct economic analyses of federal and state policies, expand capabilities for energy demand and supply forecasting and to increase staff needed to administer the state fuel set-aside program. This recommendation also includes funds to establish extension offices for promotion of energy conservation practices in urban areas, and to provide technical assistance to local governments that have adopted lighting and thermal codes for building construction.

Dam and Reservoir Safety

House Bill 603, enacted by the 80th General Assembly, creates a Dam and Reservoir Safety Council which is responsible for ensuring that nonagricultural dams are properly constructed and maintained to safeguard public life and property. The Governor recommends $184,929 and six positions to establish the dam and reservoir safety program implementing this legislation.

POLICY SUMMARY (Continued)

Land Reclamation

House Bill 459, enacted by the 80th General Assembly, enables the state to regulate surface coal mining and reclamation of coal mined lands in accordance with federal requirements. The Governor recommends $184,862 for eight new personnel to accommodate additional responsibilities created by state and federal legislation. The Governor also recommends $1,804,000 in federal funds for reclamation of abandoned mined lands and for assistance to small coal operators who are required to provide hydrologic impact assessments of mining operations.

Construction Grants Administration

The construction grants administration program presently shares responsibilities with the U.S. Environmental Protection Agency for administering state and federal grants for construction of wastetreatment facilities. Duplicative functions have caused administrative delays leading to inflationary increases in construction costs. The Department of Natural Resources and the U.S. Environmental Protection Agency have nogotiated an agreement that allows Missouri to assume all functions necessary to administer the grants program. Many of these functions have been assumed by the construction grants administration program during FY 1980. The Governor recommends $774,138 for 30 additional staff to assume full delegation of administrative responsibilities.

Air Pollution Control

Senate Bills 20 and 21, enacted by the 80th General Assembly, create additional responsibilities for Missouri to comply with the federal Clean Air Act Amendments of 1977. The Governor recommends an additional $167,778 and ten personnel to enable the air pollution control program to efficiently and equitably implement new state and federal regulations. In addition to technical and clerical staff, the recommendation includes an economist to evaluate potential economic impacts associated with regulations and programs.

Water Resources Planning

The Governor recommends $150,000 in federal grants to municipal and other public water suppliers for water conservation improvements. Water conservation measures may be the most economical method for extending limited water supplies.

DEPARTMENT OF CONSUMER AFFAIRS, REGULATION AND LICENSING

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Administrative Services	$ 512,228	$ 618,929	$ 842,404	$ 747,582
Regulatory Programs	9,501,705	12,723,319	17,051,231	15,861,363
Community and Economic Development Programs	6,611,591	7,799,712	11,043,056	9,775,893
Professional Registration Boards	1,824,914	2,609,393	2,858,134	2,580,369
DEPARTMENTAL TOTAL	$ 18,450,438	$ 23,522,305	$ 31,794,825	$ 28,965,207
General Revenue Fund	11,481,303	13,321,648	17,762,761	15,773,109
Federal Funds	1,123,236	1,770,128	2,174,470	2,276,755
Other Funds	5,845,899	8,430,529	11,857,594	10,915,343
Full-time equivalent employees	747.78	799.01	947.41	898.41

POLICY SUMMARY

I. Major Recommendations

Missouri Public Service Commission

The Public Service Commission projects continued growth in workload due to the increased number of rate adjustments that regulated industries are pursuing and the increased interaction with federal regulatory agencies. In response to these expanding responsibilities, the Governor recommends an increase of 43 positions and related operating expenses at a cost of $1,274,961. This total includes five systems analysts for the Commission's data processing staff, three attorneys and two legal aides for the General Counsel staff and 28 technical professionals for the Utility Division.

Office of the Public Counsel

The Governor recommends increasing the staff and capability of the Office of the Public Counsel by nine staff positions and corresponding operations costs for a total increase of $243,557. The new staff positions will include professional accountants, financial analysts and engineers who will be utilized in a multi-disciplined team approach to individual cases and issues.

Division of Finance, Division of Savings and Loan

Senate Bill 305, passed by the 80th General Assembly, prohibits discrimination in residential real estate lending and requires enforcement by the Division of Finance and the Division of Savings and Loan. The Governor recommends six new positions and a commitment of $129,128 for enforcement of this act.

Division of Insurance

House Bill 503 passed by the 80th General Assembly requires the director of the Division of Insurance to annually collect and analyze data in connection with private passenger auto insurance and review private passenger auto insurance rating territories and classifications. The Governor recommends $85,020 and 2.5 new employees to ensure these reviews are prepared.

POLICY SUMMARY (Continued)

Division of Commerce and Industrial Development

The Governor recommends $46,350 to establish a two-member staff and operation expenses for the Economic Development Advisory Council.

The Governor recommends four additional employees for the Division of Commerce and Industrial Development. These positions will expand the Division's research and export promotion capabilities. The Governor also recommends $214,250 to establish an Asian international business development office. With efforts from the European office now beginning to produce results, exporting to Asia offers the next best area for expanding Missouri manufacturers' exports. The director of the Asian office, supported by a research staff in Jefferson City, will visit prospective investors throughout the Asian area, informing them of Missouri's advantages, locate Asian firms and governments wishing to purchase Missouri manufactured products, and assist Missouri firms by making contacts and providing information for them.

Division of Community Development

For the Division of Community Development, the Governor recommends $34,900 funding for the Neighborhood Commission, and $75,020 in federal funds for continuation of the "Private Sector Initiatives" manpower development program. The program is designed to increase private sector participation in CETA, a federally subsidized employment opportunity program. The staff will work with local governments and neighborhood organizations to respond to business and industry requests for assistance.

Missouri State Council on the Arts

The Governor also recommends an increase of $138,213 in the Missouri State Council on the Arts Community Arts Program. This is a grant program designed specifically to support local arts councils in nonmetropolitan areas.

Division of Professional Registration

The Governor recommends $90,000 for the initial phase of a three-part computer design and implementation program which will standardize and automate many manual board functions. The automated system will provide accounting controls and management information and more quickly identify and document problems within each board.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Departmental Administration	$ 320,302	$ 351,803	$ 412,374	$ 401,488
Division of Labor Standards	494,784	1,045,040	1,096,976	1,017,245
State Board of Mediation	45,945	53,272	56,084	56,419
Workmen's Compensation	2,904,406	3,352,842	4,654,665	4,560,162
Division of Employment Security	81,304,923	142,820,690	148,885,439	124,653,838
Governor's Committee on Employment of the Handicapped	50,990	145,177	161,955	163,010
Commission on the Status of Women	-0-	-0-	15,000	15,000
DEPARTMENTAL TOTAL	$ 85,121,350	$147,768,824	$155,282,493	$130,867,162
General Revenue Fund	652,477	836,116	1,021,051	937,830
Federal Funds	81,374,573	143,005,118	148,549,552	124,315,560
Workmen's Compensation Fund	2,057,481	2,386,294	2,953,039	2,854,921
Second Injury Fund	899,964	1,000,000	1,750,000	1,750,000
Special Employment Security Fund	136,855	541,296	1,008,851	1,008,851
Full-time equivalent employees	2,897.0	4,002.0	4,171.7	3,493.7

POLICY SUMMARY

I. ZERO-BASE RECOMMENDATIONS

Division of Labor Standards

After a thorough zero-base review the Governor recommends eliminating $119,169 and two positions from the Division's budget. The mine safety training program can continue operating at current levels without the two positions. With the elimination of these positions, the Division no longer needs the expense money budgeted for training these employees.

Division of Employment Security

The Governor recommends eliminating $17,810,715 from the Division's administration budget. This core cut eliminates excessive appropriation for Comprehensive Employment and Training Act (CETA) contracts, and a one-time computer purchase expenditure. The Governor also recommends cutting $5,225,469 and 563 public service employment (PSE) positions for which the Division writes payroll checks. The new appropriation level better reflects current expectations of CETA PSE funding.

II. OTHER MAJOR RECOMMENDATIONS

Departmental Administrative Services

The Governor recommends $27,548 for the addition of one counsel to the legal staff of the Labor and Industrial Relations Commission. The additional staff member is needed to reduce the case backlog and reduce the time between initial appeal and final decision.

Division of Labor Standards

The Governor recommends $43,028 and two additional positions for the on-site consultation program. The Division needs the two additional employees because of rapidly increasing requests by small businesses for consultation services. The federal government provides 90 percent of the funding for this program.

Division of Employment Security

The Governor recommends $596,763 for 51 additional positions to effectively process the expected increase in unemployment insurance claims during the next fiscal year. This recommendation is based on current estimates of the strength of the economy and the unemployment rate during the next fiscal year.

DEPARTMENT OF HIGHWAYS AND TRANSPORTATION

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Highway Department Operations	$ 22,825,447	$ 26,190,715	$ 29,651,410	$ 29,748,047
Highway Construction and Maintenance	458,128,254	500,000,000	575,000,000	525,000,000
Other Transportation Activities	4,543,065	13,932,574	20,591,837	15,667,965
DEPARTMENTAL TOTAL	$485,496,766	$540,123,289	$625,243,247	$570,416,012
General Revenue Fund	1,531,074	2,052,160	5,920,306	3,832,036
Federal Funds	185,029,011	211,780,414	289,527,225	236,562,873
Highway Department Fund	22,818,300	26,178,215	29,638,910	29,735,547
State Road Fund	276,118,381	300,000,000	300,000,000	300,000,000
Aviation Trust Fund	-0-	-0-	156,806	156,806
Other (Local) Funds	-0-	112,500	-0-	128,750
Full-time equivalent employees	712	721	824	722

POLICY SUMMARY

OVERVIEW

A constitutional amendment passed in November 1979, directed the combination of the Department of Transportation and the Highway Department into the new Department of Highways and Transportation, effective January 1, 1980.

The budget presented here is based upon separate budgets submitted before the new department was formed. After the Department is created on January 1, 1980, it is anticipated that some changes in the budget will be made but that most activities, programs and issues will remain as reflected in this document.

I. ZERO-BASE RECOMMENDATIONS

Transit Activities

Following a review of the state aid program for the elderly, handicapped, and low income, the Governor is recommending a $661,500 increase in state funds. This will enable the Office of Aging to receive approximately $1,500,000 more federal funds, to assist in providing transportation to the state's elderly and handicapped.

Aviation Activities

Following a review of these activities, the Governor recommends a $186,516 increase in state funds for airport construction grants, as well as the new $137,000 state maintenance grants made available through the passage of House Bill 258 in the 80th General Assembly's first session. This will enable the state's public airports to address major repair needs, thus prolonging the useful life of the present facilities.

II. OTHER MAJOR RECOMMENDATIONS

The Governor recommends an increase of $25,000,000 in federal funds for raod construction, based upon anticipated increases in available funds. A $1,225,084 increase in highway department funds is also recommended, to offset the increased cost of insurance and retirement benefits, as required by law.

In the area of railroad activities, the Governor recommends $500,000 in general revenue be made available for road-bed improvement grants to ensure rail service to many smaller rural cities, and that an additional $300,000 be provided for increased support of the current Amtrak program due to a contractual agreement to pay a higher percentage of operating losses in the second year.

DEPARTMENT OF PUBLIC SAFETY

DEPARTMENTAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Office of the Director	$ 173,001	$ 278,312	$ 649,061	$ 559,128
State Highway Patrol	37,193,385	43,252,221	49,438,406	48,057,113
Division of Water Safety	1,162,989	1,635,070	2,969,985	2,033,772
Division of Liquor Control	1,541,660	1,661,996	2,192,811	1,892,132
State Fire Marshal	331,039	491,069	986,228	691,703
Division of Highway Safety	6,768,544	12,242,951	9,805,110	9,811,170
Missouri Council on Criminal Justice	12,145,307	24,133,804	24,162,443	15,154,522
Adjutant General	4,967,357	10,903,014	11,285,341	10,794,846
TOTAL	$ 64,283,282	$ 94,598,437	$101,489,385	$ 88,994,386
General Revenue Fund	7,743,214	9,248,305	14,231,691	10,807,766
Federal Funds	22,251,	46,063,310	43,666,822	34,413,252
Highway Department Fund	34,288,080	39,276,822	43,580,872	43,727,368
Highway Patrol Academy Fund	-0-	10,000	10,000	46,000
Full-time equivalent employees	2,155.46	2,236.05	2,350.65	2,281.05

POLICY SUMMARY

I. ZERO-BASE RECOMMENDATIONS

Highway Patrol

Following a review of the Patrol's Vehicle and Driver Safety program, the Governor recommends that this program be funded at 104.7% of the FY 1980 level. Based on current workload statistics the Patrol needs to maintain at least current levels of driver license testing and motor vehicle inspection supervision.

The Technical Services section of the Highway Patrol was reviewed and the Governor recommends that funding be continued at 101.5% of the FY 1980 level. This is to ensure continued data processing support for 850 Highway Patrol officers and over 7,000 local law enforcement officials. In addition, this agency has undertaken support activities for a number of other state agencies including: the State Fire Marshal and Liquor Control.

Liquor Control

A zero-based review of the enforcement section of the Division of Liquor Control has resulted in a recommendation to fund that activity at 104.8% of the FY 1980 level. This is necessary in light of recent statutes creating new types of licenses which require more extensive background investigations.

II. OTHER MAJOR RECOMMENDATIONS

Office of the Director

The Governor recommendation includes $242,025 in general revenue to support eight regional crime laboratories in Missouri laboratories in Independence, Springfield, Columbia, Kirksville, St. Louis County, Cape Girardeau, Joplin and St. Louis City perform a variety of investigative and technical support functions for local law enforcement agencies. In the past these labs have been partially funded from federal LEAA grants through the Missouri Council on Criminal Justice.

Highway Patrol

The Governor recommends full funding for 50 additional patrolmen authorized by the 79th General Assembly, and a $491,168 increase for the operation of the vehicle and aircraft fleet. These additional patrolmen will be assigned to the various Patrol troops located throughout the state, and will allow the Patrol to provide greater traffic control and highway safety.

Water Safety

The Governor's recommendation includes four new personnel for $140,476 plus $87,944 in general revenue to retain five employees who have been funded from federal grants. These 4 additional employees will help to provide improved service and safety for the 630,220 acres which the Division patrols.

Fire Marshal

The Governor recommends $163,104 and 5 additional investigators so that this office can more effectively investigate arson cases.

Adjutant General

The Governor recommends $10,000 in general revenue and $33,890 in federal funds to establish the Office of Air Search and Rescue. The office was created by S.B. 310 of the 80th General Assembly to provide a variety of emergency assistance services.

OFFICE OF THE DIRECTOR

GOAL

To effectively direct and coordinate state resources for public safety and law enforcement functions.

DESCRIPTION

The director's office provides central budgeting, finance, and personnel control to ensure efficient use of available resources. Staff plan, review, and evaluate programs to coordinate the state's public safety and law enforcement programs and to promote cooperation among local, state, and federal agencies.

The Governor's recommendation includes full funding of the core program for $288,391, plus $16,500 for an administrative assistant to the director. The recommendation also includes $11,400 in operating expenses which have been previously provided out of the Missouri Council on Criminal Justice budget.

DEPARTMENT OF MENTAL HEALTH

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Central Office	$ 31,722,128	$ 44,540,049	$ 56,010,472	$ 60,864,776
Alcohol and Drug Abuse	8,381,621	9,128,482	14,048,022	11,172,908
Comprehensive Psychiatric Services	79,587,579	88,970,701	107,955,019	99,864,841
Mental Retardation/Developmental Disabilities	56,685,314	62,403,302	81,939,667	70,408,262
DEPARTMENTAL TOTAL	$176,376,642	$205,042,534	$259,953,180	$242,310,787
General Revenue Fund	162,307,061	184,986,430	235,709,479	220,137,893
Federal Funds	14,069,581	19,056,104	23,243,701	21,172,894
Other Funds	-0-	1,000,000	1,000,000	1,000,000
Full-time equivalent employees	11,567.48	11,886.11	13,423.83	12,346.89

POLICY SUMMARY

I. Overview

The FY 1981 budget recommendations for mental health will continue progress toward the Governor's goal, announced on July 7, 1978, of a mental health system which is "comprehensive in scope, consistent in delivery, and commensurate with need."

As stated in the FY 1980 Executive Budget, the Governor's long-term objectives are "active and creative leadership for the Department, effective and humane treatment, efficient use of resources, a new partnership among state and other agencies and a continuity of care ranging from institutional to extended, community-based services."

The recommendations for FY 1981 will further enhance the Department's movement in these directions by strengthening its capacity for comprehensive management and planning, reinforcing the shift from institutionally-based care to community care, and maintaining quality institutional programs for those individuals who are unable to function in less restrictive environments. In addition, the Governor recommends concentrating certain resources under central office direction and adding new staff in personnel, staff development and program evaluation to give the Department greater control of its programs and resources.

II. Zero-Base Recommendations

Three areas were selected for zero-based review for the FY 1981 budget: Regional centers, administrative and supervisory personnel, and an intermediate care facility for Fulton State Hospital. The Governor's recommendations rest on these analyses and a careful review of the Department's treatment programs, currently identified service needs and the use of current resources.

Regional Centers

Nine of the regional centers were directed to perform a zero-base review of their programs. Several of the centers recognized as a result, the need to reallocate staff in accord with their change in emphasis from inpatient to community-based care. The Governor has directed the Department to maintain this effort and make further shifts in staffing as warranted by service demand.

To further this change of emphasis, the Governor recommends $500,000 in new funds for the purchase of additional community services. This will help all the regional centers to emulate St. Louis Regional Center's model case management program. These funds will be appropriated to the central office, and can be allocated among the centers according to progress and need.

Administrative and Supervisory Personnel

The Governor directed the Department to analyze for uniformity administrative and supervisory positions in the five state hospitals, the three state mental health centers, and the five state schools and hospitals. The Department's analyses revealed strong similarities across the institutions in the use of administrative and supervisory positions. The Governor encourages the Department to take steps toward alleviating remaining disparities among the facilities.

Intermediate Care Facility at Fulton State Hospital

The Governor asked the Department to explore the feasibility of converting a portion of Fulton State Hospital to an intermediate care facility. He believes such a program can provide a more appropriate level of care for many patients who do not require intensive psychiatric care, but are not ready for community living. Fulton State Hospital would be the site for a pilot project. While the Governor has no budget recommendation in this area for FY 1981 because the Department's analysis is still in progress, he requests the Department to complete this study and present recommendations for his action in the FY 1982 budget.

III. Other Major Recommendations

Several proposed measures will improve financial and administrative control of statewide programs through centralization. The appropriation of $500,000 in purchase-of-service funds to the central office permits allocation on a statewide basis according to service demand and needs. A one-time $350,000 appropriation to replace institutional equipment, made to the central office, allows central purchasing at the least cost. Funding for substance abuse programs is recommended on a regional basis under the Division of Alcoholism and Drug Abuse, in order to permit a transition from institutional to community-based treatment. An addition of 45 staff for forensic services at a cost of $794,051 in general revenue is also centralized under the new director of forensic services, to permit a statewide approach. Finally, 217 new positions at a cost of $2,740,283 in general revenue are required to meet Title XIX - Intermediate Care Facilities for the Mentally Retarded (ICF/MR) deficiencies and to staff new wards. These are appropriated centrally to give the Department latitude to allocate them among the facilities in conjunction with patient transfers to meet the standards.

New Resources for Better Management

The addition of staff for program evaluation, staff development, personnel and planning improves Departmental management of programs and fosters the type of statewide mental health system envisioned by the Governor. This capacity is strengthened by new personnel at the various facilities to perform program evaluation and staff development under central office direction.

Maintaining Quality Care

More than 380 new positions for the facilities represent one of the largest increases in institutional staff ever granted in Missouri. These new staff are necessary to maintain quality care, allow for some expansion of programs, and bring about effective and humane treatment for those individuals not able to function in the community.

Community Services

The Governor recommends an additional $10,118,758 to improve and expand community services. An additional $2,570,053 is for purchase of services department-wide. Of this, $1,098,664 will be allocated to the Community Mental Health and Counseling Centers, $500,000 will enable the Regional Centers to expand community services to the developmentally disabled, and $1,003,070 will be allocated among the three divisions and provide for inflation in unit costs.

POLICY SUMMARY (Continued)

Community Services (Continued)

An additional $6,188,754 for patient placement payments provides for restructuring the payment mechanism to reflect individual client needs and provides funds for 960 new placements.

Expansion of the patient placement program should permit the Department to reduce the patient population in state institutions. The Governor accordingly directs the Department to present a plan, as soon as possible, showing reductions in institutional expenses based on targeted use of placement resources.

The Governor recommends $1,359,951 for 74 additional placement staff and licensure positions to provide better monitoring of community residents and to assure adequate placement facility standards.

The community support program is transferred to the central office to provide expansion of this service statewide.

Taken together these recommendations enable the Department to provide effective community services while enhancing departmental administrative and fiscal control through the centralization of community service functions.

DEPARTMENT OF SOCIAL SERVICES

FINANCIAL SUMMARY

	EXPENDITURE FY 1979	PLANNED FY 1980	REQUEST FY 1981	GOVERNOR RECOMMENDS
Departmental Administration	$ 15,705,046	$ 48,777,068	$ 39,869,492	$ 39,395,364
Division of Health	57,279,554	80,140,181	86,196,242	80,349,521
Division of Aging	37,451,839	59,220,410	49,729,583	48,202,549
Division of Family Services	523,843,512	661,085,106	740,175,712	701,677,557
Division of Veterans Affairs	2,480,948	2,691,912	2,956,342	3,019,884
Division of Youth Services	11,424,573	13,184,196	14,534,925	14,608,691
Division of Corrections	32,427,355	37,364,640	52,800,427	45,068,405
Division of Probation and Parole	7,786,688	8,904,430	11,221,439	10,937,289
Division of Manpower Planning	57,495,803	102,418,600	102,579,887	67,584,885
TOTAL	$745,895,318	$1,013,786,543	$1,100,064,049	$1,010,844,145
General Revenue Fund	289,722,701	372,096,250	443,082,166	410,323,021
Federal Funds	429,530,980	609,377,103	624,083,913	563,162,816
Other Funds	26,641,637	32,313,190	32,897,970	37,358,308
Full-time equivalent Employees	10,619.72	10,833.80	12,173.80	11,618.30

POLICY SUMMARY

ZERO-BASE RECOMMENDATION

Division of Personnel. The Governor's review of this newly consolidated division found an excessive ratio of clerical to professional staff. He thus recommends a reduction of six clerical staff for a savings of $56,803.

Crippled Children Services. Analysis of this program revealed a pattern of overobligating funds as a result of unforeseen increases in the amount and cost of hospital and physician services. An emergency appropriation of $800,000 for the current year and an increase of $400,000 for FY 1981 will meet this short-term need. For longer term, the Governor directs the Department to determine the feasibility, and implement as warranted, the targeting of program resources toward the more financially catastrophic conditions and the institution of co-pay mechanisms with family payment levels graduated according to financial means.

Women, Infants and Children Supplemental Food Program. While this program has a clear, positive effect in reducing the impact of malnutrition on child-bearing women and developing children, more federal funds have been appropriated than are available. A $2,000,000 reduction will bring the appropriation within the amount of available resources.

Federal Health Services Act. This program was appropriated $2,000,000 for FY 1980, but will lapse most of its funds. An appropriation of $1,000,000 will suffice for FY 1981.

Tuberculosis Payments. This program, which provides payments for the care and treatment of indigent tuberculosis patients in the metropolitan public hospitals, has consistently lapsed funds because of the availability of Medicaid and the decreased incidence of tuberculosis. A $300,000 reduction will reduce the amount of lapse.

ZERO-BASE RECOMMENDATIONS (Continued)

Prevention of Mental Retardation. This program concentrates on pregnancies involving high blood pressure, multiple delivery, diabetes, hemorrhage, or blood incompatibility. Given such a condition, the program pays the total cost of pregnancy, delivery, and immediate post-natal care. It thus represents not only free treatment for the conditions themselves but a pregnancy subsidy to which other families of comparable means are not entitled. This is inequitable to them and also restricts the reach of the program. The Governor recommends the introduction of a $600 co-pay, which is equivalent of the average cost of a normal pregnancy under Medicaid. He also recommends a reduction of $472,800 to reflect part of the impact of the co-pay provision, thus allowing the program to reach more clients while also reflecting a saving for the taxpayer.

Analysis of the program also revealed that its resources are not well-targeted toward geographic areas of greatest need or to those of the eligible conditions which hold the greatest risk of prematurity, perinatal death, or mental retardation. The Governor therefore directs the Department to target the program's resources more appropriately.

Maternal and Child Health Administration. The administration of Maternal and Child Health programs is performed by an administrative section of twenty-six staff and by the administration of its specific programs: Prevention of Mental Retardation, Crippled Children's Service, and the Women, Infants and Children Supplemental Food program. Some of the administrative resources are misallocated and others redundant. Two administrative consultants for medical services should be transferred to the central administration of the Division of Health and the position of associate medical director for maternal and child health should be eliminated, for a savings of $52,308. In the latter case, the position was established to meet federal requirements for a physician when there was none in the section. Since the present MCH director is a physician, the position is now redundant. The Governor recommends, in addition, that the Department determine the optimal administrative cadre for these programs.

Institutional Self-Sufficiency. Three state health care institutions have shown the capacity to increase the role of earnings in meeting their total operating costs. From FY 1970 to FY 1979, the percentage of expenses covered by earnings (self-sufficiency) increased from 21% to 64% for the State Chest Hospital and from 28% to 68% for the Ellis Fischel State Cancer Hospital. This change should result in savings for the taxpayer, and the Governor accordingly recommends the following shifts in funding for FY 1981: a reduction of $2,231,949 in general revenue for the Chest Hospital and $1,269,806 in general revenue for the Cancer Hospital, with a corresponding increase in projected earnings for both facilities.

Conversion of slack capacity in the State Veterans Home to nursing home beds will increase earnings by 23%, allowing a shift of $269,711 from general revenue to earnings.

Foster Care. The state's assumption of responsibility for the St. Louis City Foster Care program permits shifting a number of children from 100% state funds to 60% federal funding. A prudent estimate for FY 1981 is an increase of $250,000 to Aid to Families with Dependent Children and a comparable reduction in the Foster Care program. General revenue savings are $150,000.

Day Care for Children. A similar decline in utilization of this program will free up $267,588 ($66,897 general revenue and $200,691 federal) to offset partially the increase in rates.

Title XX Vendor Training. Review of this item revealed that the appropriation is underutilized. Expenditures in FY 1979 were only $687,081 from an appropriation of $2,133,333. Projected expenditures for FY 1980 indicate a need for only $1,000,000, allowing a reallocation of $850,000 in federal and $283,333 in local funds.

Medicaid Physicians Services. Expenditure and utilization rates show a decline in the volume of services delivered. The resulting core reduction of $1,063,833 ($453,306 general revenue and $610,577 federal) will offset a substantial portion of the new funds recommended for fee increases (see below).

Medicaid "Other Services". This array of services includes prosthetics, hearing aids, appliances, dentures, eyeglasses, and podiatric services. Aggregate expenditures, unit costs, and utilization indicate that this can safely be reduced by $683,412 ($291,544 general revenue and $391,868 federal).

ZERO-BASE RECOMMENDATIONS (CONTINUED)

Medicaid for Mental Hospitals. The state appropriates general revenue to mental health facilities. The Department of Mental Health then applies to the Division of Family Services for federal reimbursement, which on receipt is simply deposited in the Treasury. Since these federal payments represent income to the state rather than expenditure, two line items have been deleted from the Social Services budget in favor of a fund transfer mechanism. The deleted items are Intermediate Care Facilities for the Mentally Retarded, $19,485,986, and Payments to Mental Hospitals, $3,495,154.

Prison Industries. A zero-based review of the prison industries program at the Missouri State Penitentiary has resulted in a recommendation to fund the program at the FY 1980 level, with the addition of cost-of-living and merit increases. The program is undergoing a major reorganization as a result of the recent switch to multi-year license plates and the Division is providing greater management oversight as part of that reorganization.

Division of Manpower Planning. The Governor recommends reducing the Division's appropriation for Comprehensive Employment and Training Act (CETA) grant funds by $35,000,000 to better reflect anticipated CETA funding. The recommendation of $66,683,340 still provides an appropriation sufficient to allow the Division to accept all expected CETA funds.

OTHER MAJOR RECOMMENDATIONS

General Counsel Increases. A $103,188 increase for the Office of the General Counsel, to pay for five staff, will provide timely and prompt hearings for vendors and clients.

Data Processing. Increases for general data processing support, a new food stamp data system, a social services information network, immunization tracking, initial design of a social services information and payments system, and enhanced data capacity for the Crippled Children's Service represent a $1,134,239 investment in improved management and more effective programming in the Department.

Certificate of Need Implementation. The Governor recommends an additional $46,653, including two staff, for the State Health Planning and Development Agency, to implement the provisions of House Bill 222 of the 80th General Assembly, requiring prior review and issuance of a certificate of need for major expansion or new equipment for medical facilities.

Rural Health. A new Office of Rural Health in the Division of Health will target and coordinate existing federal and state health care programs to meet the needs of rural Missourians. Manpower development, health education and communications, and technical assistance will be the top priorities of the new office.

Family Practice Program. To implement S.B. 293, the Family Practice Act, adopted by the 80th General Assembly, the Governor recommends $300,000. This will support family practice residency programs approved by the American Medical Association and the American Osteopathic Association.

Special Medical Programs. To implement the provisions of House Bill 182, adopted by the 80th General Assembly, $89,585 in additional funds is needed. These resources will provide more home therapy for hemophiliacs through the infusion of a blood-clotting factor.

Miscellaneous Division of Health Increases. The Governor recommends the following health increases: $214,087 for local health units to enable them to maintain the current level of services in the face of increasing costs; $150,000 for additional loans to medical students; $172,788 for an increase in the radiological health program; $93,801 for emergency medical service program coordination; $128,876 for radiological laboratory services; $400,000 for the crippled children service fund to expend accumulated resources; $310,000 for institutional gift fund, to enable the Chest and Cancer Hospitals to receive gifts and bequests directly; and $13,277 for a maxillofacial prosthodontic technician.

Income Maintenance Staff. Staffing standards for FY 1981 have been developed by the Division of Family Services and the Office of Administration, Division of Budget and Planning. These standards permit, for the first time, determination of staff needs on the basis of workload. These new norms and projected FY 1981 caseloads indicate a need for 70 additional caseworkers and 30 clerical staff. This is largely the result of a continuing increase in the food stamp caseload. The staff need for other public assistance caseloads is the same as for FY 1980.

Aid to families with Dependent Children. The poor are hit hard by inflation, since their incomes go almost entirely for basic necessities. The estimated rate of inflation for food, clothing, rent, and transportation is 10% per year, and the Governor recommends a corollary increase in AFDC payment levels for FY 1981, at a cost of $16,705,552. He also recommends $4,921,208 to allow funds for slightly increased caseload and a higher volume of retroactive payments for new AFDC cases. Because new AFDC cases are eligible from date of application, a check must be issued retroactively once the application has been processed.

Utilicare. The Governor recommends $5,499,800 in general revenue to fund this program at the maximum allowed by law for its second year of operation. Federal funding for energy assistance for FY 1981 is uncertain at present. If available, the Governor will act expeditiously to secure the necessary appropriation.

Emergency Assistance. This is Missouri's first venture into assisting families in meeting immediate crisis situations requiring emergency food, shelter, or clothing. Assuming passage of an emergency appropriation to fund the program for FY 1980, the Governor recommends $1,600,000 for this purpose in FY 1981

Foster Care. The Governor recommends funding for a 10% caseload increase, a 6% per diem increase in foster care payments, and a 10% inflation increase in the cost of clothing, medical, and dental services. The total cost is $398,252.

Purchase of Day Care. The state's payment rate for non-contract day care has been $5.00 per day since 1974. The Governor recommends a $2.00 a day rate increase, at an added cost of $1,772,491, to allow providers a more adequate rate of payment and encourage them to continue providing a service which allows AFDC recipients to work or obtain work training.

Residential Treatment. Costs are going up for treatment of children requiring intensive attention in residential facilities. The Governor accordingly recommends $304,573 to allow a 6% increase in per diem rates.

Medicaid Physicians Rates. Now that the Medicaid Management Information System (MMIS) is in operation, the state has the capacity to address physician rates in much greater diversity than before. Many rates are substantially below Medicare levels. The Governor recommends $4,000,000 in new funds to permit adjustment of the least equitable rates and encourage physicians to remain in the program, which is vital to the health of the poor and many of the elderly.

Pharmacist Fee Increase. The state's pharmacy fees are below those paid in neighboring states. For this reason, and to help pharmacists cope with rising operating costs, the Governor recommends an increase in the professional fee from $2.25 to $2.50 per prescription.

Services for the Blind. This program helps blind Missourians attain their maximum potential as members of the community. Two counselors and a mobility specialist and $121,260 for additional services will enhance the state's capacity to do this. The Governor also recommends $170,000 to establish independent living centers, where the most severely disabled can learn to be more self-sufficient.

Group Home Staff. The Governor recommends adding 1.5 new staff to each of 12 group homes in the Division of Youth Services, at a cost of $210,120. These new staff will permit twenty-four hour staffing without excessive overtime.

Missouri Hills. To meet an acute need for urban bed space in residential facilities the Governor recommends acquisition of the Missouri Hills facility in St. Louis. Staffing will be accomplished by reallocation from other institutions. The net cost to the state will thus be only $200,000 in expense and equipment.

Missouri Eastern Correctional Center. The Governor recommends $2,333,305 and 214 FTE for staffing the Missouri Eastern Correctional Center. The institution is now under construction near Pacific, Missouri and will be completed in March, 1981. This medium security facility will eventually house 500 inmates.

The Governor's recommendation also includes $410,100 in general revenue to establish a prison industry program at Missouri Eastern Correctional Center. This program will employ 125 inmates in a furniture refinishing factory within the institution.

Institutional Expansion. A total of $1,319,113 and 83.25 FTE are recommended to provide additional corrections officers and support staff and funding for Church, Renz, Fordland, Tipton, Moberly, Algoa and St. Marys institutions. Most of these institutions are being expanded to help accommodate the Division's inmate population and to accept some inmates who will be moved from the Missouri State Penitentiary pursuant to a recent court order regarding overcrowding.

Also included in the Governor's recommendation is a total of $141,920 and 3 FTE to expand the inmate recreation programs at six institutions. The recreational facilities at these institutions have been partially funded in the past with proceeds from the inmate canteens. General Revenue is being used in this instance to replace old equipment and to expand the recreational facilities in those institutions which have recently been enlarged.

Sexual Offender Program. The Governor recommends $60,000 for the Division of Corrections central office to establish a sexual offender program. This will be the initial step toward the implementation of preventive and rehabilitative measures for those inmates convicted of sexual offenses.

CETA Program. The Governor's recommendation includes $595,380 for 55 FTE who were previously funded through the federal CETA program. These employees hold a variety of positions at six of the Division's institutions. As a result of additional restrictive CETA guidelines the Division will be unable to continue its participation in this program.

Inflation. The recommendation includes an additional $1,042,677 to help the Division of Corrections offset the increases due to inflation in fuel, utilities, food, medical supplies and clothing.

Caseload Increase. The Governor recommends $1,196,234 and 74 FTE to handle the increase in the Division's caseload which has been produced, in part, by the new Criminal Code and Judicial Revision Article. The recommendation includes: 55 probation and parole officers, 4 probation and parole supervisors, and 15 clerk stenos and clerk typists.

The New Agenda for Aging. The Governor recommends $8,468,125 additional funds for the Division of Aging in order to implement his agenda for addressing the needs of Missouri's senior citizens. Included in this recommendation is $1,206,442 to implement the Omnibus Nursing Home Act, in order to protect and safeguard the institutionalized elderly. Another $1,000,000 will prevent interruption of nursing home services under receivership. The Governor wants to provide more services for the aging, including transportation, and thus recommends an additional $2,975,064 for purchase of services. He recommends $1,943,281 for 104 new staff, including 70 "aging specialists". These will be new job classifications, expanding the social worker role to encompass the development of community-based resources. He also recommends $369,112 for a family and community oriented project to provide daytime care for elderly persons whose caretaker relatives are not home during working hours. Only by developing and expanding the community efforts can the state assure independence and dignity for its elderly. To judge the impact of this approach upon communities and the effectiveness and efficiency of its implementation, the Governor recommends $75,000 for an outside contracted evaluation.